Scholarship Granting Organization Application Instructions

THIS DOCUMENT IS FOR PREVIEW ONLY. TO SUBMIT FORM, SEE "How to File".

General Instructions

Purpose of Form

The purpose of this form is to collect information from organizations seeking to be listed by the state of Colorado as scholarship granting organizations (SGOs) pursuant to section 25F(g) of the Internal Revenue Code. An individual who makes a qualified contribution to an SGO is allowed a nonrefundable income tax credit. The Colorado Department of Revenue is responsible for identifying and certifying to the IRS that organizations located in Colorado are SGOs. This form will enable the Department to comply with these duties.

How to File

Organizations seeking to be included on Colorado's SGO list must complete the online application, and upload the required attachments, using the *Colorado SGO Application Portal*. Visit the *Scholarship Granting Organizations* page of our website for information on setting up a portal account. The Department will acknowledge receipt of your application by. After reviewing your application, the Department will notify you of its determination by email to the email address listed in the application if you opt into receiving email correspondence. We will also use this email address to request additional information if needed. If you do not opt in, we will correspond with you by first-class mail.

When to File

The Department is required to certify Colorado's SGO list to the IRS annually on or before January 1. Organizations that wish to be included in Colorado's SGO list should file this application, and the required attachments, no later than November 30. The Department may not be able to consider applications received after this date. IRS rules do not permit the Department to add organizations to the list after January 1.

Organizations that are not included may apply for inclusion during the next application cycle (October through December of the year prior to the calendar year for which the list is in effect).

To change your application after it is submitted, email DOR_SGOApplications@state.co.us with your reference number.

How to Get Help

Contact us by email at DOR_SGOApplications@state.co.us if you need assistance completing this application.

Specific Instructions

Section 1: Organization Information

Enter the organization's legal name, federal employer identification number (FEIN), trade name or DBA (if any), and mailing address. The mailing address listed will be used for purposes of this application only. The Department will not change the address on file for the organization's tax accounts. Account addresses for certain account types may be updated through Revenue Online (*Colorado.gov/RevenueOnline*) or by filing form DR 1102.

Enter the name and title of the contact person for this application. The contact person may be different from the person signing this application. Enter the phone number the Department should provide to the IRS. Enter an email address and indicate whether you which to receive email

correspondence from the Department regarding this application. Messages from the Department will come from DOR_SGOApplications@state.co.us. The organization's website is optional.

You must furnish the organization's legal name, FEIN, address, and phone number. The Department is required to provide this information to the IRS.

Section 2: Federal Tax Status

To be an SGO, the organization must be a section 501(c)(3) entity exempt from taxation under section 501(a) of the Internal Revenue Code. The organization cannot be a private foundation as defined in section 509(a) of the Internal Revenue Code.

Choose the first option if your organization is already recognized by the IRS as an organization described in section 501(c)(3) and is not a private foundation. Attach a copy of the determination letter from the IRS.

If your organization's application for tax-exempt status is pending with the IRS, you may still apply to be included in Colorado's SGO list. If the IRS determines that your organization qualifies for tax-exempt status, and that the effective date of that status is on or before January 1 of the year for which the SGO list applies, the IRS will add the organization to the list. Choose the second option if:

- The organization has applied for, but has not yet received, IRS recognition of its status as an organization described in section 501(c)(3);
- The organization is not a private foundation as defined in section 509(a); and
- If granted, the organization's tax-exempt status will be effective retroactively to a date that is on or before January 1 of next year.

Refer to "When To File" in the instructions for IRS Form 1023 for information on how to determine the effective date of your organization's tax-exempt status. If you select the second option, attach a copy your organization's Application for Recognition of Exemption (IRS Form 1023) with proof of submission through *Pay.gov*.

Section 3: State Participation Requirements

Pursuant to section 25F(g) of the Internal Revenue Code, scholarship granting organizations must be "located in the state" to be included in the state's SGO list.

Choose the applicable option to indicate whether your organization will be a multistate or single-state SGO. Your organization will be a multistate SGO if it will be included in another state's SGO list in addition to Colorado's list. Your organization will be a single-state SGO if it will be included only in Colorado's SGO list. Any approved single-state SGO or multi-state SGO may accept donations and assign tax credits from out-of-state donors. This selection indicates whether your SGO plans to grant scholarships in other states and be listed as a state-approved SGO in other states.

To be included in Colorado's SGO list, your organization must be "located in the State." IRS regulations clarify that an organization is located in a state if it is authorized to do business in the state and is in compliance with generally applicable state laws and requirements for charitable organizations in the state. Mark the first checkbox to certify that your organization is authorized to transact business in Colorado and registered pursuant to the Colorado Charitable Solicitations Act (Article 16 of title 6, C.R.S.). Obtain and attach a copy of a Certificate of Good Standing and a Certificate of Registration under the Colorado Charitable Solicitations Act each issued by the Colorado Secretary of State. Each certificate must be dated within 90 days prior to the date of this application. Visit the Colorado Secretary of State website for information on obtaining Certificates of Good Standing and Registration.

To be included in Colorado's SGO list, your organization must provide scholarships to eligible students in Colorado. Mark the second checkbox to certify that your organization will provide scholarships to eligible students in Colorado.

In addition to certification from the state, Treasury Regulation § 1.25F-4T(b) requires that the SGO register electronically through the IRS SGO portal. You may complete this application to Colorado prior to registration with the IRS SGO portal, but you must register with the IRS SGO portal before accepting donations for the 25F tax credits. Mark the box to indicate whether you have registered through the IRS SGO portal.

Section 4: Accounting and Segregation of Funds

To be included on Colorado's SGO list, your organization must maintain a section 25F segregated account for Colorado qualified contributions. That account must be established and maintained exclusively for the deposit of qualified contributions by donors who designate the contribution as such and any earnings on those contributions. A multistate SGO must maintain a section 25F account solely for qualified contributions from donors who direct the SGO to allocate the contribution to Colorado. The funds in the section 25F segregated account cannot be commingled with qualified contributions for other states or with any other income of the organization.

Mark the first checkbox to certify that the organization maintains one or more section 25F segregated accounts for Colorado qualified contributions. First-time applicants, attach evidence that a section 25F segregated account has been established for Colorado. Mark the second checkbox to certify that your organization will maintain a complete set of books and records for these accounts.

The organization maintains one or more separate accounts exclusively for qualified contributions for the state of Colorado under section 25F of the Internal Revenue Code and prevents co-mingling with other funds.

Section 5: Program Requirements

Section 25F(d) details the operational requirements an organization must meet in order to be an SGO. Those requirements are:

- The organization must provide scholarships to 10 or more Colorado students who do not all attend the same school.
- The organization must spend not less than 90 percent of the income of the organization on scholarships for eligible students in Colorado.
- The organization must not provide scholarships for any expenses other than qualified elementary or secondary education expenses.
- The organization must provide a scholarship to eligible students in Colorado with a priority for students awarded a scholarship the previous school year and then for any eligible students in Colorado who have a sibling who was awarded a scholarship from such organization.
- The organization must not earmark or set aside contributions for scholarships on behalf of any particular student.
- The organization must verify the annual household income and family size of eligible students who apply for scholarships to ensure such students are "eligible students" as defined in section 25F(c)(2)(A) of the Internal Revenue Code.
- The organization must limit scholarships to eligible students who are a member of a household for which the income does not exceed 300% of the area median gross income.

- The organization may not award a scholarship to any disqualified person as described in section 25F(d)(2)(B) of the Internal Revenue Code.

Mark each checkbox in section 5 to certify that your organization meets each operational requirement described above. Describe the organization's income verification process.

Section 6: First Time and Transitional Applicants

Treasury Regulation § 1.25F-5T(d)(4) permits the Department to rely on alternative documentation supporting the operational requirements described in section 5 above for new SGOs. If your organization has not yet been required to provide information and certifications to the IRS establishing satisfaction of these operational requirements, complete this section 6, and submit the required attachments. This transition rule will usually apply to organizations applying for the first time. It will continue to apply until your organization first provides the information described in Treasury Regulation section 1.25F-4(d) and (e) to the IRS and the state.

Mark the first checkbox to certify that your organization is able and intends to satisfy the operational requirements set forth in section 25F(d) of the Internal Revenue Code and described in section 5 above. Mark the second checkbox indicating your organization's agreement to provide the required information and certifications to the IRS and the Department before the end of the transition period.

Attach a copy of the organization's governing documents or bylaws and any written policies, procedures, and other documentation demonstrating an ability and intent to comply with the operational requirements described in section 5 above. Pursuant to section 1.25F-5(d)(4) of the Treasury Regulations, the organization's policies and procedures must expressly require the organization to satisfy the operational requirements for an SGO in section 25F(d) of the Internal Revenue Code and section 1.25F-3(c) of the Treasury Regulations. A general requirement to comply with applicable laws and regulations will not suffice.

Section 7: Recordkeeping and Reporting

Treasury Regulation § 1.25F-4 imposes certain recordkeeping and reporting requirements on SGOs. Mark the checkboxes in section 7 indicating your organization's agreement to comply with these requirements.

Section 8: Attestation and Signature

This application is submitted to the Colorado Department of Revenue so that the Department may discharge its duties under section 25F of the Internal Revenue Code and applicable Treasury Regulations. It must be signed under penalty of perjury by an officer, director, trustee, or other official who is familiar with its contents, including the contents of the attachments, and who is authorized to sign for the organization. The signature must be accompanied by the title or authority of the signer and the date. In addition to reviewing the completed application and attachments, the signer is advised to review the attestation in section 8 prior to signing.

Scholarship Granting Organization Application

This is a: ◯ First-time or Transitional Application ◯ Renewal Application

Section 1: Organization Information

Legal Name of Organization

FEIN (9 digits, for example 12-3456789)

Trade Name or DBA, if applicable (optional)

Mailing Address

City

State

ZIP Code

Primary Contact Name

Title

Phone

Email

Organization Website (optional)

☐ I wish to receive email correspondence from the Department regarding this application.

Section 2: Federal Tax Status (Select one)

◯ The organization is a section 501(c)(3) entity and is exempt from taxation under section 501(a) of the Internal Revenue Code. The organization is not a private foundation as defined in section 509(a) of the Internal Revenue Code. Attach a copy of the organization's 501(c)(3) determination letter.

◯ The organization's application for recognition of tax-exempt status is pending with the IRS. If granted, the organization's tax-exempt status will be effective retroactive a date that is on or before January 1 of the certification year. Attach a copy of IRS Form 1023 with proof of submission through *Pay.gov*.

Section 3: State Participation Requirements (Select one)

The organization is a (select one): ◯ Multistate SGO ◯ Single-state SGO

☐ The organization is authorized to transact business in the State of Colorado and registered pursuant to the Colorado Charitable Solicitations Act.

☐ The organization administers scholarships for eligible students within the State of Colorado.

Required Attachment: Certificate of Good Standing

Must be issued by the Colorado Secretary of State not more than 90 days prior to the date of this application. PDF, up to 10 MB.

Required Attachment: Certificate of Registration

Must be issued by the Colorado Secretary of State not more than 90 days prior to the date of this application. PDF, up to 10 MB.

In addition to certification from the state, Treasury Regulation § 1.25F-4T(b) requires that the SGO register electronically through the IRS SGO portal. You may complete this application to Colorado prior to registration with the IRS SGO portal, but you must register with the IRS SGO portal before accepting donations for the 25F tax credits. Select Yes or No below to indicate whether you have registered through the IRS SGO portal.

Registered through the IRS SGO portal ◯ Yes ◯ No

Section 4: Accounting and Segregation of Funds (Select all to certify)

☐ The organization maintains one or more separate accounts exclusively for qualified contributions for the state of Colorado under section 25F of the Internal Revenue Code and prevents co-mingling with other funds.

☐ The organization will maintain a complete set of books and records for these accounts.

Required Attachment: Evidence of a section 25F segregated account for Colorado

For example, a bank statement. You can black out account numbers. PDF, up to 10 MB.

Section 5: Program Requirements

General Eligibility (Select all to certify)

- ☐ The organization will provide scholarships to 10 or more students who do not all attend the same school;
- ☐ The organization will spend not less than 90% of its income on scholarships for eligible students;
- ☐ Scholarships will be awarded only for qualified elementary or secondary education expenses as defined in section 25F(c)(4) of the Internal Revenue Code; and
- ☐ The organization will not earmark or set aside scholarships on behalf of any particular student.

Student Eligibility (Select all to certify)

- ☐ The organization verifies annual household income and family size of each eligible applicant.
- ☐ The organization limits scholarships to eligible students from households not exceeding 300% of Area Median Gross Income, as defined under section 25F(c)(2)(A).
- ☐ The organization confirms each scholarship recipient is eligible to enroll in a public elementary or secondary school.
- ☐ The organization verifies that eligible students are solely within Colorado pursuant to section 1.25F(c)(7) of the Treasury Regulations.

Describe the income verification process (Don't include names or other information about students or their families.)

Priority Requirements (Select all to certify)

The organization will provide scholarship priority:

- ☐ First, to students awarded a scholarship in the previous school year; and
- ☐ Second, to eligible students with a sibling who previously received a scholarship from the organization.

Prohibition on Self-Dealing (Select all to certify)

- ☐ The organization will not award scholarships to disqualified persons as described in section 25F(d)(2) of the Internal Revenue Code.

First-time and transitional applicants must complete Section 6 and provide the attachments required by that section.

Section 6: First Time and Transitional Applicants (Select all to certify)

☐ The organization certifies that it is able and intends to satisfy the operational requirements for a scholarship granting organization in section 25F(d) of the Internal Revenue Code as indicated by checking the boxes in section 5, above.

☐ The organization agrees to concurrently provide the State with a copy of any information and certifications required to be provided to the IRS before the end of the transition period.

Required Attachments: Governing documents or bylaws; written policies and procedures; and any other documentation demonstrating an ability and intent to comply with the requirements listed in Section 5 above.

Section 7: Recordkeeping and Reporting (Select all to certify)

◯ The organization agrees to provide the State any information required by the State or the IRS to verify compliance with federal requirements.

◯ The organization agrees to maintain adequate records to demonstrate compliance with section 25F requirements.

◯ The organization agrees to submit an annual report to the State, including:

- Total qualified contributions received
- Total scholarships awarded
- Number of students served
- Percentage of income spent on scholarships
- Certification of continued compliance

Section 8: Attestation

I declare under penalty of perjury in the second degree that:

- I have examined this application, and to the best of my knowledge and belief, it is true, correct, and complete,
- To the best of my knowledge and belief, the organization meets all requirements under section 25F to qualify as a Scholarship Granting Organization and to be included on the State list submitted by the state of Colorado pursuant to section 25F(g) of the Internal Revenue Code; and
- The organization understands that misrepresentation may result in removal from the State's certified list and referral to federal authorities.

Print Name

Title

Signature

Date